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THE DEMAND AND PRICE SITUATION

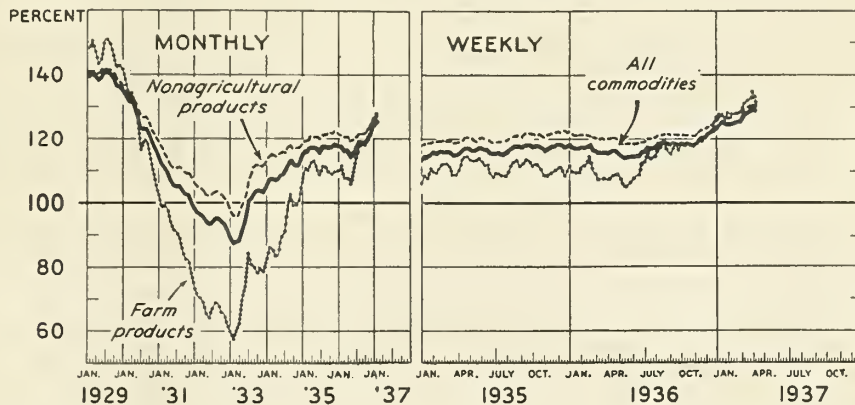
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C.

APRIL 1937

Wholesale Prices of Farm and Nonagricultural Products and of All Commodities, 1929 to Date

INDEX NUMBERS (1910-14=100)

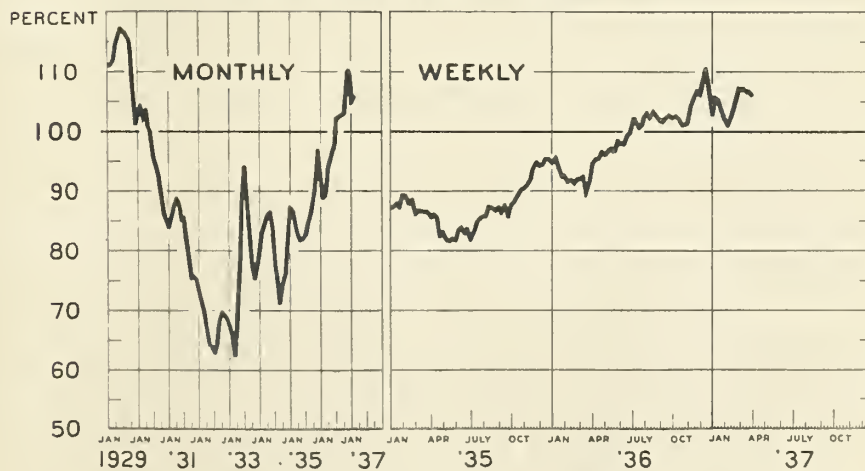


U. S. DEPARTMENT OF AGRICULTURE

NEG. 25630-B BUREAU OF AGRICULTURAL ECONOMICS

Business Activity, 1929 to Date

INDEX NUMBERS (ESTIMATED NORMAL=100)



DATA FROM "THE ANNALIST", NEW YORK TIMES

U. S. DEPARTMENT OF AGRICULTURE

NEG. 25973 BUREAU OF AGRICULTURAL ECONOMICS

DOMESTIC DEMAND

No marked change in domestic consumer demand for farm products in the near future is expected. In view of the large back-logs of orders reported in a number of industries, the current strong consumer demand for automobiles and other consumption products, and the probability of fewer strikes interrupting business than in the recent past, there is reason to believe that industrial activity will continue relatively favorable during the next few months. Several factors in the situation, however, point to at least a slackening in the rate of increase.

The seasonally adjusted index of industrial production of the Federal Reserve Board (1923-25 = 100) rose from 110 in October 1936 to 121 in December, then dropped to 114 in January. Available data indicate that an almost steady advance has taken place since the beginning of February. During this period, the percentage changes in output of durable and nondurable goods have been very similar. Automobiles, textiles, leather products, tobacco products, bituminous coal and petroleum contributed importantly to the rise in the output of industrial goods. After adjustments for seasonal variation, steel production has not yet recovered to the peak reached in December, but is slightly above the levels established last fall. Changes in the output of lumber and cement have not been marked, after allowing for seasonal adjustment.

Further rapid and material expansion in some of the industries which have contributed importantly to the rise since last summer is not probable in the immediate future. In general, these industries are not those which seem to have the most room for large and quick expansion. While definite data on this point are lacking, general observation leads to the conclusion that some of them are approaching practical capacity, and further increases in output cannot be so readily accomplished as during the past few years. In some of these lines, notably steel, immediate large increases in output would entail the use of obsolete, relatively high-cost facilities, or would be handicapped by a shortage of skilled labor. Additional labor shifts and other devices for expanding activity frequently involve higher costs, and usually are resorted to only in response to marked increases in demands and prices. In many lines an alternative procedure likely to be followed is the building up of back-logs of orders which tend to keep the plants operating at a more constant rate for a longer period of time.

Among industries reported as being still considerably short of capacity operation are the building construction and materials industries and those making some types of industrial equipment, particularly for railways and public utilities. A prospective shortage of railway rolling stock and current orders being placed point to increasing activity in the manufacture of such equipment, but these items contribute a relatively small portion of the total industrial production. Building has shown disappointingly small increases to date, with some decline in the preliminary estimates for March compared with February. Recent marked increases in most costs of construction will not help this situation. Sharply rising prices tend to temporarily stimulate activity in many lines because buyers seek to place their orders for future requirements before additional price increases occur. The immediate reaction of buyers of some types of durable goods, including buildings, may be different. Decisions are based on longer time considerations, and

are governed to a greater extent by diverse psychological factors which influence their estimation of future returns in relation to present costs. The sharp increases in costs of construction may retard temporarily the large expansion in building which was expected to be a primary factor contributing to a continued upswing in business activity during 1937.

Prices of a number of important materials used in the construction of durable goods and many industrial wage rates now are around 1929 levels. These increases in costs, together with temporary difficulties encountered in floating new security issues, may retard temporarily the expansion in important lines of durable goods other than building. However, the urgent need for new equipment for railways, utilities and many manufacturing plants is unlikely to permit long postponement of plans for additions.

Labor disputes in a number of important industries, including automobiles, steel and coal, seem to have been settled or are well on the way toward settlement. The recent decision of the Supreme Court relating to the National Labor Relations Act may lead to settlement of future labor disputes with relatively little disruption of industrial activity.

Since the purchasing power of consumers of farm products does not fluctuate as frequently as or in exact proportion to minor changes in industrial activity, there is no apparent reason to expect any marked change in domestic consumer demand for farm products as a whole during the next few months. The demand for individual products entering international trade or traded on speculative markets, of course, will continue sensitive to changes in general market sentiment.

FOREIGN DEMAND

The physical volume of exports of farm products continues low relative to either pre-war or pre-depression years. The index for February of this year (1909-14 base) was 62, compared with an average of 58 for the preceding six months. With prospects for more nearly ^{normal} crop production this year, the volume of agricultural exports in 1937 is expected to exceed that of 1936.

World supply and demand conditions, which affect the prices of all American farm products entering international trade even though exports or imports of the commodities may be small, continue to be relatively favorable. Foreign business activity continues at relatively high levels, particularly in countries producing raw materials. Following a period of relative stability during the first half of 1936, the index number of wholesale prices in seven foreign countries, which take about 70 percent of United States agricultural exports, has advanced about 10 points to 84.4 in February (1926 = 100).

During early April, world commodity markets were characterized by marked price fluctuations. Prices of a number of raw materials declined sharply, but prices of farm products were not greatly affected. While no definite appraisal of the situation is possible this soon after the occurrence, it seems likely that the flurry represents a reaction to speculative pressure which may have carried prices of some raw materials above the levels warranted even by the present and prospective improvement in world demand.

WHOLESALE PRICES

The general level of wholesale prices, as reflected by the Bureau of Labor Statistics index covering 784 commodities, continued to advance in recent weeks from 86 percent of the 1926 level in early March to 88 percent in early April - the highest point since May 1930.

Prices of farm products, which advanced about 5 percent from early March to early April to within 4 percent of the 1926 level, declined to 6 percent below that level in the week ended April 10. Slight gains in prices of foods since early March were absorbed in the decline of the week ended April 10; they are now 14 percent below the 1926 average. Prices of commodities other than farm products and foods are also within 14 percent of the 1926 average, the greatest gain occurring in prices of metals and metal products. Only prices of fuel, chemicals and drugs have shown slight declines since early March.

The ratio of wholesale prices of farm products to wholesale prices of nonagricultural products for the week ended April 10 was 101 percent of the pre-war average compared with 90 a year earlier.

Price trends in most of the major foreign countries continued upward until early April, since when there have been declines in prices of several important international commodities. Sharp advances in prices in England and Canada, similar to the recent spurt of prices in the United States, took place before the recent recession. While in France the wholesale price series of 126 commodities declined a little in February for the first time in nearly a year, the wholesale price series of 45 commodities, which includes a larger proportion of raw materials, continued to increase. Retail prices in France have been rising, though at a slower rate. Prices in Japan declined slightly in February, after a sharp rise from December to January.

The combined index of wholesale prices in the currencies of seven foreign countries, which take about 70 percent of our agricultural exports, advanced slightly in February to 84 percent of the 1926 average, compared with 74 percent a year earlier.

The erratic behavior of world commodity markets following the attainment of recent price peaks, the possibility of favorable new crop growing conditions affecting the prices of important farm products, and the widely prevalent opinion that governments may take various measures to prevent extreme rises in the prices of certain types of products, point to a tapering off of the advance in the general trend of wholesale prices in the United States during the remainder of the year.

PRICES RECEIVED AND PAID BY FARMERS

The general level of prices received by farmers for farm products in mid-March was 128 percent of pre-war, compared with 127 percent in February, 131 in January, and 104 in March 1936. Prices paid by farmers for commodities have risen a little in recent months to 130 percent of the pre-war average in March, compared with 121 percent a year earlier. The ratio of prices received to prices paid by farmers in March was 98 percent of the pre-war average, the same as in February, as compared with the recent high of 102 in January and 86 in March 1936.

Market prices indicate that the general level of prices received by farmers in mid-April is about the same or a little lower than a month earlier. Although corn prices have risen sharply and wheat prices are up slightly, prices of lambs, potatoes and some other commodities are lower. Prices of cotton, hogs and cattle are about the same as a month ago.

The outlook for the more important farm products presented herein indicates no marked changes in the general level of farm prices during the next few months, although some weakening is to be expected as new crop conditions become of increasingly greater importance.

FARM INCOME

With prices of farm products making an upward turn in March and marketings of a number of important farm products decreasing less than usual, cash income from the sale of farm products in March did not make the usual seasonal decline and probably increased over February. The March cash income from farm marketings was higher than for the same month of last year, and total cash income including Government payments was materially higher. Marketings of meat animals increased from February to March and were accompanied by higher prices, particularly for cattle, sheep and lambs. The more pronounced gains in farm income this March over March of last year occurred in the case of wheat and cotton, the prices of which were sharply higher.

During the first quarter of 1937, income from farm marketings was approximately 14 percent higher than in the corresponding period of 1936. Total income including Government payments to farmers was about 22 percent greater for the same period. Last year, income from farm marketings increased somewhat more than usual from the first to the second quarter of the year. Part of this increase was due to the upward turn in prices received by farmers, as signs of the drought appeared. This year, while it is expected that farm income during the second quarter will be higher than in the second quarter of 1936, the relative increase will be less than that which took place in the first 3 months of the year.

FARM LABOR

The general level of farm wage rates advanced from 103 to 112 percent of pre-war from January 1 to April 1, 1937. This advance of 9 points was the largest recorded during the first quarter of any year since 1923. Wage rates were higher than a year ago in all sections of the country, but the increases were relatively small in the West Central States, where farm income suffered because of drought ravaged harvests last year.

WHEAT

During the past few weeks domestic wheat prices have been adjusting toward an export basis in accordance with prospects that the 1937 crop will be considerably in excess of domestic requirements. A rise in world wheat prices which occurred at the same time, however, about offset the amount of the adjustment in domestic prices. Prices in domestic cash markets are expected to continue to adjust toward an export basis, but it is possible that some further improvement in world prices may take place, which would at least, in part, offset the decline in domestic relative to world prices.

Small crops during the past 4 years have caused domestic prices to be generally higher than world prices. With a return to an export basis, prices of hard winter wheat in the Southwest and white wheat in the Pacific Northwest, which types ordinarily constitute our export classes, would adjust so as to allow a freight differential between the United States and importing countries. While we do not ordinarily export much hard red spring wheat, prices which are now on an import basis would adjust to about the normal relationship to export types. During the first half of April the price of No. 2 Hard Winter wheat at Kansas City averaged 5 to 10 cents under the estimated price of parcels at Liverpool compared with March when they averaged about 3 cents above the Liverpool price. Based on present ocean freight rates, Kansas City prices would have to decline from 10 to 15 cents further relative to Liverpool before significant quantities of hard red winter wheat would be exported. Prices are now on an export basis in the Pacific Northwest, where there are at present surplus supplies of old crop white wheat.

World wheat prices in the near future probably will continue to be dominated chiefly by the European demand situation, although changes in crop conditions also may become important. World prices have risen sharply since the beginning of March as the result of heavy purchases by European countries and rapidly diminishing supplies of old crop wheat in principal exporting countries.

CORN AND FEED GRAINS

Sharp advances in corn prices in late March and early April, which were contrary to earlier expectations, brought the weekly average price of No. 3 Yellow corn at Chicago well above the peak reached last August and to the highest level in more than 15 years. Oats prices made only slight advances, while barley prices have been irregular with little net change. Higher corn prices have resulted in the lowest corn-hog ratio since December 1934, which, together with the unfavorable relationship between the price of corn and other livestock products, will tend to weaken the demand from livestock feeders. Furthermore, spring pastures will provide additional feed and imports of new crop Argentine corn will start to arrive soon. If growing conditions of small grains and forage crops continue favorable, reductions in prices for corn, oats, and barley are to be expected during the next few months. Although corn prices may be given support by increases in livestock prices which would make feeding ratios more favorable, or by the further strengthening of foreign demand for grain, these factors are not expected to be strong enough to maintain the present high level of corn prices, if crop prospects should appear reasonably favorable as the season advances.

The total commercial and farm supplies of corn and oats of April 1 were only 1 percent larger than the very small supplies on April 1, 1935, and were 46 percent below the 1929-33 April 1 average. The combined disappearance of corn and oats during the period January-March was considerably larger than in this period 2 years ago, and when measured as a percentage of the January 1 stocks, it was more rapid than the 1929-33 average for this period. Total supplies of corn on April 1 were 424 million bushels, which was 51 percent below the 1929-33 average and 9 percent smaller than the supply on April 1, 1935. The total supply of oats on April 1 was 308 million bushels, or 29 percent below the 1929-33 average, but 37 percent larger than the supply on April 1, 1935.

FLAXSEED

A stronger demand for flaxseed than in any of the past 5 years is mainly responsible for present relatively high world flaxseed prices. Although world supplies are larger than a year ago, the average price of flaxseed at Minneapolis in March was 44 cents higher than for March last year, the Winnipeg price was 22 cents higher, and the Buenos Aires price 9 cents higher. Prices at each of these markets advanced during March and early April. If demand continues to improve, domestic flaxseed prices may be expected to remain near the present high level during the next 2 or 3 months.

The 1936-37 world production, including the large Argentine crop just harvested, is estimated to be about 5 percent above average and 8 percent larger than last year. Imports of flaxseed into the United States have been increasing since the beginning of the present marketing year in July. In the July-February period, imports amounted to 13,400,000 bushels, which was much larger than for this period of any other recent year, and was 45 percent larger than the 1936-37 domestic production plus carry-over. Imports undoubtedly will continue as in other years to supply a large percentage of the domestic consumption, and a considerably larger crop could be produced than March 1 intentions indicate without bringing domestic supplies to the probable domestic consumption. Imports of perilla and hempseed oil, which were large during the first 9 months of 1936, have been practically eliminated since the imposition of the 4- $\frac{1}{2}$ cent import tax levied last August.

COTTON

Spot cotton prices at the 10 markets were very strong during March but declined somewhat in the first part of April. Prices averaged 13.24 cents on March 1, rose to 14.68 on March 16, showed a moderate declining tendency during the next 10 days and then increased sharply to a new high of 14.91 cents on March 30. The average for the month was 14.15 cents. Prices in the weeks ended April 3 and 10 averaged 14.70 and 14.41 cents, respectively. The average for the week ended April 3 was the highest since May 1930. A sustained high level of consumption by domestic mills, some improvement in exports as compared with the same period last season, and brisk activity in cotton manufacturing and in business in general throughout the world have continued to be significant price-strengthening factors.

The Commodity Credit Corporation reported on April 1 that approximately 1,150,000 bales of loan stock cotton had been released during February and March and that Government-financed stocks on April 1 were down to about 1,850,000 bales. Within the last year the Commodity Credit Corporation and the Reconstruction Finance Corporation have released into trade channels about 2,550,000 bales of loan stock cotton. The plan for the release of loan cotton which has been in operation since February 1 will be continued through April.

Domestic mills consumed 779,000 and 5,292,000 bales, respectively, in March and in the 8-month period ended March 31. Both were record highs. In the latter half of March and the first part of April, mill sales of goods were reported to have been considerably less than current output. The volume of unfilled orders, however, is still very large and mill margins have been maintained as a result of a rise in cloth prices about equal to the increase

in the price of cotton. Mill activity and cotton consumption in foreign countries were maintained at record high levels during March, but consumption of American cotton continues to be small relative to the consumption of foreign growths. Exports in March amounted to 468,000 bales, an increase of 16 percent over March 1936, but exports in the 3 months ended March were 9 percent less than in the corresponding period last season.

WOOL

Domestic wool prices probably will show little change during the early months of the 1937 wool marketing season which begins this month. Prices to growers this season will be considerably higher than those of a year earlier. Wool prices in both domestic and foreign markets strengthened during March.

Consumption of wool by United States mills continued large in February. On the basis of sales and unfilled orders reported by mills, consumption is expected to continue at a relatively high level in the next few months. It is possible, however, that the large consumption early this year was due in part to the early placing of orders and was at the expense of mill activity later in the year.

Because of the large imports in recent months, the estimated supply of wool in the United States on March 1 was larger than a year earlier, but was below average. Because of smaller stocks of wool in foreign countries, however, total world stocks probably are smaller than a year earlier and also below average. Domestic production of shorn wool in 1937 probably will not be greatly different from that of 1936. A large part of the 1937 domestic clip in the Western States already has been purchased for delivery after shearing. The volume of new clip wool so contracted is larger than last year and much greater than average.

HOGS

Hog prices during the remainder of the 1936-37 hog marketing year (up to October 1) are expected to average as high as, or slightly higher than those of a year earlier. Although the number of hogs slaughtered from April through September probably will be smaller than a year earlier, the large storage stocks of pork and lard now on hand will cause total supplies of hog products to be larger than a year earlier. The effect upon hog prices of these larger supplies is expected to be offset or more than offset by the stronger demand this year than last. In view of the expected decrease in hog marketings in the late summer about the usual seasonal advance in hog prices is likely to occur during that period.

Prices of hogs have been fairly steady during the past 2 months, following the decline in January. The weekly average price of hogs at Chicago in most of this period was slightly above \$10. For the month of March the Chicago average price was \$10.11 compared with \$10.24 in March last year. Slaughter of hogs under Federal inspection in March, totaling 3,033,000 head, was 7 percent larger than in February and 16 percent greater than in the corresponding month a year earlier. The larger slaughter in March than in February is contrary to the usual seasonal relationship between these 2 months.

The December 1936 pig crop report indicated a decrease of about 5 percent in the number of sows to be farrowed this spring. In view of the short supplies of corn and the low hog-corn price ratio in recent months, it seems probable that the decrease in farrowings will be at least as large as indicated last December. With the recent sharp rise in corn prices, the ratio of hog prices to corn prices has become even more unfavorable to hog producers. In early April this ratio was much below average and was lower than it was 2 years earlier when similar conditions of short corn supplies prevailed.

CATTLE

In view of the relatively strong demand situation and the probability that cattle slaughter will be smaller this year than last, prices of nearly all grades of slaughter cattle are expected to average higher than in 1936. Prices of the better grades probably will advance somewhat further during the remainder of the year from the present relatively high levels, since marketings of finished cattle, especially those of heavy weight, are likely to continue small. The number of cattle on feed in the Corn Belt States on April 1 was estimated to be 33 percent smaller than a year earlier. Prices of the lower grades usually decline after mid-May or early June, but with the stronger consumer demand for meats and with relatively strong demand for replacement cattle likely, the decline this year may be less than average.

Supplies of heavy well-finished cattle were relatively small in March, and prices of such cattle advanced sharply. Prices of other kinds, except veal calves, advanced moderately. Short-fed light weight and medium weight cattle comprised the bulk of slaughter supplies during the month. At Chicago, prices of heavy steers reached a top of \$16.25 per 100 pounds, the highest price paid in March in 9 years, and equal to the high point of the 1935 advance reached in May of that year. About mid-April the Chicago top reached \$16.60. Prices of good grade slaughter steers at Chicago, which have advanced steadily since last June, averaged \$11.50 in the week ended April 3 compared with \$9.02 a year earlier.

The number of cattle slaughtered under Federal inspection in March totaling 825,000 head, was 8 percent larger than a year earlier, and the second largest for the month on record, being exceeded only in 1918. The number of calves slaughtered, totaling 592,000 head, was 23 percent larger than a year earlier, and was the largest for March on record.

LAMBS

In view of the stronger consumer demand for meats this year than last, the smaller marketings of spring lambs and the higher prices for pelts, prices of spring lambs during May and most of June probably will be above the levels of a year earlier. The seasonal decline in new-crop lamb prices, which usually begins in early June, may start somewhat later than usual this year, since the development of spring lambs in several important areas has been retarded by unfavorable weather and feed conditions. The smaller marketings of spring lambs and fed lambs in the next 2 months will be accompanied by a larger-than-usual market movement of grass-fat yearlings from Texas. In California feed conditions have improved since February, when they were very unfavorable. It is expected, however, that the number of lambs in that State which will develop into slaughter condition will be smaller than average.

From mid-February through mid-March, prices of slaughter lambs and ewes rose sharply. Top prices at Chicago in the week ended March 20 reached \$13.25 for fed lambs and \$8 for slaughter ewes, the highest for the month since 1929. Prices of both fed lambs and ewes declined irregularly in late March and early April, as prices of dressed lamb weakened. Prices of good and choice spring lambs at Kansas City in late March and early April were from \$1.50 to \$2 higher than a year earlier.

Federally inspected slaughter of sheep and lambs in March totaling 1,312,000 head, was about equal to that in February, but 5 percent less than March 1936. In March and early April, western fed lambs continued to comprise most of the supplies at the leading mid-western markets, but the movement of Texas sheep and lambs has started. California spring lamb supplies in March were limited to small Easter receipts at most Eastern markets.

BUTTER

Butter prices rose during March but declined sharply in early April. It seems likely that there will be more than the usual seasonal decline in prices from March to late May or early June. Even though this occurs, butter prices during the summer months will probably average the highest since the summer of 1930, with the possible exception of 1936.

Butter production in February was slightly larger than in February 1935, but except for 1935 was the smallest for the month since 1929. When cows are turned on pasture after being on short rations during the feeding period, production will probably show more than the usual increase, as in the spring of 1935 following the 1934 drought. Even though butter production has been relatively low, the movement into consuming channels has been relatively high. The movement out-of-storage has been large, and stocks on April 1 were below average in contrast to the relatively large stocks earlier in the year.

The margin between butter prices during the into and out-of-storage periods this last season was only about one-half as large as the average for the two preceding seasons. The decline in this margin may tend to curtail the demand for butter for storage during the coming summer. The generally higher level of commodity prices and the higher level of consumer purchasing power are factors which will tend to maintain butter prices at higher levels than in other recent years.

POULTRY AND EGGS

The farm price of eggs declined by less than the average seasonal amount from February to March, the last month for which data are available. This was largely due to a stronger demand, particularly from storage operators. Eggs are going into storage at a rate about 21 percent greater than last year and at higher prices. Though temporary price declines may occur during the spring they are not likely to carry prices below those of 1936. The prospective lighter hatch points toward fewer egg marketings this fall and winter than a year before. Until early 1938, heavier storage stocks will approximately compensate for the lighter fresh supplies, but in the spring of 1938 eggs from the 1937 crop of pullts will become the major source of supply.

The farm price of chickens rose from February to March by a little more than the average seasonal amount. This occurred in the face of heavy receipts and large storage stocks and may be attributed to a stronger consumer demand than has existed in recent years. If this level of demand for poultry is maintained in the fall, its effect, together with that of a smaller supply resulting from the prospective lighter hatch, will be to lessen the extent of the usual seasonal price decline.

FRUITS

Strawberries.- Cold weather has delayed shipment of Louisiana strawberries, and prices have remained at a relatively high level for this time of year. A marked decline in prices is expected when the heavy movement gets under way. Production of strawberries in the early group of States is expected to be about a fifth larger than in 1936, but only slightly above the 1922-32 average. It is likely that prices of the early berries will average somewhat below the relatively high prices of last season. Strawberry acreage in the second early and intermediate States is indicated to be less than last year, but acreage in the late States is about 9 percent greater than that of a year ago.

Citrus Fruits.- Prices of citrus fruits are expected to continue the present upward movement during the remaining spring and summer months. Supplies of oranges for spring marketing are slightly below average and supplies for the summer and early fall are extremely small. Large quantities of grapefruit have been canned and marketings for fresh use have been extremely heavy. The supply of Florida grapefruit available for market during the remainder of the season now appears to be little larger than that of a year ago.

Peaches.- In all of the Southern States indications on April 1 pointed to below-average production of peaches. Mild winter temperatures during January and early February brought out an early bloom in most sections of these States, and freezes which occurred during the second week in February and late in March resulted in considerable damage. In California the season is unusually late as a result of the cool, wet spring, but indications point to a relatively good crop of peaches in this State.

POTATOES

The total acreage of potatoes intended for harvest in 1937 is indicated to be about 6 percent larger than that harvested in 1936. With average yields, this increased acreage would produce a crop of potatoes about 11 percent larger than that of last year and probably would result in prices to growers somewhat lower than those received for the 1936 crop but substantially higher than have been received in other recent years. The 1937 acreage in the commercial early States is expected to be about one-third larger than last year, and the condition of the early crop as of April 1, 1937, averaged the same as the 9-year (1924-32) average April 1 condition and slightly above that reported on April 1, 1936. In the intermediate States the 1937 acreage is indicated to be about 7 percent larger than that of last year, and in the surplus late States 6 percent greater.

Prices of both old and new potatoes at market centers weakened slightly during the past month but averaged substantially above those of a year earlier. Shipments in recent weeks have been heavy relative to the supply indicated to be available or to become available during the next few months. The trend of prices during the next month or 6 weeks, therefore, will depend upon the rate of marketings of the remaining stocks of old potatoes and upon the time at which shipments of new potatoes attain significant volume. It is probable that as soon as shipments from Alabama and Louisiana approach the season's peak, potato prices will decline seasonally.

TRUCK CROPS

Early spring crops in practically all important producing areas were retarded from 10 days to 2 weeks by low temperatures, heavy rains and other unfavorable growing conditions during March. Heavy rain storms April 5 and 6 did considerable damage to snap beans, tomatoes and other truck crops in Florida. With more favorable growing conditions and later plantings becoming ready for harvest, increased quantities of spring vegetables may be expected in a few weeks.

Preliminary estimates of planted acreages of early vegetables and growers' intentions to plant some intermediate and late crops indicate a combined acreage of important commercial truck crops slightly greater than in 1936. Reported acreage increases are the greatest for cabbage and watermelons. Preliminary estimates of the 1937 onion acreage shows the greatest decline.

Green beans, cauliflower, celery, lettuce and peas sold at lower prices during the first half of April than a month earlier. On the other hand, prices of cabbage, carrots, onions and tomatoes advanced during the same period. The recent storm damage in Florida resulted in rather sharp advances in snap bean prices.

During the next month or 6 weeks seasonal price declines may be expected on many truck crops, including asparagus, green beans, cucumbers, peas and peppers. Shipments of cauliflower and celery may decline the latter part of April and markets probably will show improvement. Tomato prices probably will be maintained at higher levels during April and May, after which a seasonal decline may be expected.

Prices of late crop onions advanced recently. The Early Bermuda crop is considerably smaller than in 1936, and the carlot movement is slower in getting under way. Prices are expected to range considerably higher than last year.

Business statistics relating to the demand for farm products, specified periods
(corresponding data for past years were given in table attached to annual outlook report on demand for 1937)

Year and month	1929	1924-29	1923-25	1923-25	1923-25	1924-29	1923-25	Income of industrial workers: production	Foreign commodity prices: food prices farmers: 10/	1910-14	1910-14	1910-14	1910-14	Ratio of prices received to prices paid by farmers: 10/
Base period	1929	1924-29	1923-25	1923-25	1923-25	1924-29	1923-25	Income of industrial workers: production	Foreign commodity prices: food prices farmers: 10/	1910-14	1910-14	1910-14	1910-14	Ratio of prices received to prices paid by farmers: 10/
1929	100	107	119	117	105	106	136	136	136	139	163	146	153	95
1930	93	100	96	92	91	87	124	124	124	126	158	126	145	87
1931	78	85	81	63	77	67	110	110	110	107	130	67	124	70
1932	62	67	64	28	66	46	97	97	97	95	108	65	107	61
1933	57	63	76	25	72	48	107	107	107	56	105	70	109	64
1934	64	70	79	32	82	60	116	116	116	109	117	90	123	73
1935	63	75	90	37	86	67	124	124	124	117	127	108	125	86
1936 11/	76	85	105	55	92	77	134	134	134	118	130	114	124	92
Jan.		73	97	62	87	72	126	126	126	118	129	109	122	89
Feb.		78	94	52	87	70	127	127	127	118	128	109	122	89
Mar.		82	93	47	88	71	130	130	130	116	126	104	121	86
Apr.		79	100	47	89	73	133	133	133	116	126	105	121	87
May		82	101	46	90	75	134	134	134	115	127	103	121	85
June		83	104	52	90	75	132	132	132	116	133	107	120	89
July		82	108	59	91	77	134	134	134	118	133	115	123	93
Aug.		84	108	62	94	78	135	135	135	119	133	124	126	98
Sept.		85	109	59	96	77	138	138	138	119	134	124	127	98
Oct.		87	110	57	97	81	139	139	139	119	131	121	127	95
Nov.		90	114	58	97	84	140	140	140	120	151	120	127	94
Dec.		97	121	66	98	87	141	141	141	123	131	126	128	98
1937														
Jan.		88	114	63	96	87	11/139	11/139	11/139	125	134	131	128	102
Feb. 11/		89	116	64	99	87				126	134	127	129	98
Mar. 11/										128	135	128	130	98

Continued -

Business statistics relating to the demand for farm products, specified periods - Cont'd.

NOTES -

Index numbers of factory employment and income of industrial workers, which appeared in the similar table accompanying the annual demand outlook statement of last November, have been revised based on revised data of the Bureau of Labor Statistics.

- 1/ Department of Commerce index of "national income paid out", 1929 = 100. Comprises the payments to or receipts by individuals in the form of wages, salaries, interest, dividends, entrepreneurial withdrawals, and net rents and royalties for these services.
- 2/ Industrial Relations Division of the Agricultural Adjustment Administration, 1924-29 = 100, adjusted for seasonal variation.
- 3/ Federal Reserve Board index, 1923-25 = 100, adjusted for seasonal variation.
- 4/ Bureau of Labor Statistics index, 1923-25 = 100, without seasonal adjustment.
- 5/ Bureau of Agricultural Economics, 1924-29 = 100, adjusted for seasonal variation. Includes factory workers, railroad and mining employees.
- 6/ Bureau of Agricultural Economics, 1923-25 = 100, adjusted for seasonal variation. Weighted average of index numbers of industrial production for nine foreign countries -- United Kingdom, France, Germany, Italy, Japan, Canada, Belgium, Czechoslovakia, and Poland.
- 7/ Bureau of Labor Statistics index, 1910-14 = 100, without seasonal adjustment.
- 8/ Bureau of Labor Statistics index, 1913 = 100.
- 9/ Bureau of Agricultural Economics, August 1909-July 1914 = 100.
- 10/ Bureau of Agricultural Economics, 1910-14 = 100.
- 11/ Preliminary.